

PSINAPTIC INC.

FOR IMMEDIATE RELEASE

August 18, 2006

PSINAPTIC ANNOUNCES THIRD QUARTER RESULTS

Calgary, Alberta – PsiNaptic Inc. (TSX Venture Exchange:PST) (“PsiNaptic” or “the Company”) announces its financial and operating results for the three and nine months ended June 30, 2006.

In my remarks at the Annual General Meeting on June 27, 2006, I commented on the challenges the company has been facing in introducing its technology into the marketplace. Ours is a cutting edge technology pushing the boundaries and introducing new ways of networking small ‘edge of the net’ mobile and embedded computing devices. To address these challenges and accelerate the adoption of our technology we are increasing our sales and marketing efforts in the areas of automotive, home automation, mobile handheld devices and energy management. In the automotive industry we continue to work with several tier 1 suppliers such as Delphi which have successfully integrated our technology into one of their commercial radios thus enabling mobile MP3 players to interact with the car radio. Our work in the field of energy management has drawn the interest of the California Energy Commission and we are working on a joint project with them to enable the networking and management of home appliances through an intelligent power meter, similar projects are being discussed with leading utility companies in Europe and the US.

We continue to look for alternative ways of marketing our technology which will accelerate its adoption thereby generating revenue to sustain our operations.

Financial Highlights

	For the three months ended		For the nine months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenue	\$ 4,556	\$ 7,157	\$ 8,310	\$ 47,977
Net earnings (loss)	\$ (233,223)	\$ (206,354)	\$ (585,169)	\$ (534,497)
per share – basic	\$ (0.0069)	\$ (0.0093)	\$ (0.0203)	\$ (0.0263)
Cash flow from operations	\$ (233,359)	\$ (164,416)	\$ (577,174)	\$ (512,992)
Working capital			\$ 419,332	\$ 496,966
Total assets			\$ 478,835	\$ 580,711
Capital expenditures			\$ 4,413	\$ 4,407
Long-term debt			\$ –	\$ –
Shareholders' equity			\$ 449,413	\$ 540,604
Weighted average shares outstanding				
basic	33,886,812	22,075,274	28,790,475	20,297,618
Shares outstanding at period end			33,886,812	23,786,812

Outlook

As a result of the successful closing of the private placements in the second quarter PsiNaptic has sufficient cash to pursue its business plan and continue operations through 2006. At June 30, 2006 the Company had working capital of \$419,332. The company continues to pursue revenue to support long-term operations.

The Company continues to investigate both public and private sources of funds.

Results of Operations

For the nine months ended June 30, 2006 PsiNaptic incurred an operating loss of \$593,479, which compares to an operating loss of \$539,645 for the nine months ended June 30, 2005. The net loss, after expense recoveries and interest, increased to \$585,169 for the current nine months from a net loss of \$534,497 for the corresponding nine months of 2005. This is primarily due to an increase in legal costs and the lack of revenues.

For the quarter ended June 30, 2006 PsiNaptic incurred an operating loss of \$237,779, which compares to an operating loss of \$208,435 for the quarter ended June 30, 2005. The net loss, after expense recoveries and interest, increased to \$233,223 for the current quarter from a net loss of \$206,354 for the corresponding quarter of 2005.

Revenue and Other Income

PsiNaptic did not generate any licensing fees in the nine months ended June 30, 2006 compared to \$17,856 from licensing fees in the comparable period of 2005. In addition, PsiNaptic did not earn any consulting revenue for the nine months ended June 30, 2006 compared to \$24,973 for the comparable period of 2005.

Net interest income of \$8,310 was earned in the nine months ended June 30, 2006 compared to \$5,148 in the nine months ended June 30, 2005.

Operating Expenses

For the nine months ended June 30, 2006 total operating expenses increased to \$593,479 from \$582,474 for the nine months ended June 30, 2005. Salaries, including consultants and benefits, were \$352,951 for the nine months ended June 30, 2006 compared to \$337,668 for the nine months ended June 30, 2005. Other general and administrative costs increased to \$167,691 for the nine months ended June 30, 2006 from \$121,412 for the nine months ended June 30, 2005. PsiNaptic has expended \$35,090 in the current period as a result of legal fees incurred in an attempt to enforce payment due under one of its licensing contracts. No revenues have been recognized as the outcome is uncertain.

For the quarter ended June 30, 2006 total operating expenses increased to \$237,779 from \$213,511 for the quarter ended June 30, 2005. Salaries, including consultants and benefits, were \$117,719 for the quarter ended June 30, 2006 compared to \$118,114 for the quarter ended June 30, 2005. Other general and administrative costs increased to \$73,074 for the quarter ended June 30, 2006 compared to \$40,916 for the quarter ended June 30, 2005. During the current period, \$24,427 was expended in legal fees to pursue the collection of fees under one its licensing contracts.

Due to reduced travel expenses and conference sponsorship costs, other marketing expenses decreased to \$36,599 for the quarter ended June 30, 2006 from \$43,677 for the quarter ended June 30, 2005.

About PsiNaptic Inc.

The problem with the bulk of the electronic devices on the market today is that they don't share and they don't cooperate. PsiNaptic builds and markets innovative software designed to solve these problems allowing consumers to receive exponentially more value from individual devices whose anti-social behavior prevents them from fully leveraging the functionality trapped inside them. Teaching today's devices to cooperate and share is an often complicated process involving the installation of "relationship specific" software that may or may not achieve the desired result – but will most certainly not be useful when the next device comes along. PsiNaptic's common device collaboration platform, built on industry leading technology from Sun Microsystems, provides for an open and ad hoc exchange of functionality between the various devices consumers encounter in their everyday lives. For insight on how PsiNaptic technology can cure the problems of the misbehaving electronic devices in your life please contact us at any of the touch points listed below.

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Statements in this release which describe the Company's intentions, expectations or predictions, or which relate to matters that are not historical facts are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Corporation to be materially different from any future results, performances or achievements expressed in or implied

by such forward-looking statements. The Company may update or revise any forward-looking statements, whether as a result of new information, future events or changing market and business conditions.

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