



CANADIAN SPIRIT RESOURCES INC.

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CANADIAN SPIRIT RESOURCES INC. ANNOUNCES PRIVATE PLACEMENT

Calgary, AB August 30, 2004 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture) announces that it is proposing to undertake, subject to TSX Venture Exchange approval, a non-brokered private placement of up to 1.5 million Units at a price of \$3.25 per Unit with up to two institutional investors in Canada and the United States. Each Unit will consist of one Common Share and one-half of one Share Purchase Warrant. Each full Warrant will entitle the holder to purchase an additional Common Share of the Company for one year at an exercise price of \$3.75 per share. A finder's fee of up to 3.25 percent of the gross proceeds of the placement is payable in cash.

Proceeds of the proposed private placement will be used to fund a portion of the Company's planned pilot production project at Farrell, in northeastern British Columbia and for general corporate purposes.

This press release does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of the securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the Company and management, as well as the financial statements.

Canadian Spirit Resources Inc. is a natural resources company focusing on the exploration and development of opportunities in the natural gas from coal ("NGC", also referred to as coalbed methane or "CBM") sector of the energy industry.

On behalf of the Board of Directors,

Canadian Spirit Resources Inc.

"Phil Geiger"

Phillip D.C. Geiger
President & COO

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