



CANADIAN SPIRIT RESOURCES INC.

Suite 1220, 330 - 5th Avenue S.W., Calgary, AB T2P 0L4

Telephone: (403) 539-5005 Facsimile (403) 265-8395

Website: www.csri.ca e-mail: info@csri.ca

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES **SECOND QUARTER 2004 FINANCIAL RESULTS**

Calgary, AB August 24, 2004 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (SPI-TSX Venture) announces its second quarter 2004 financial results. Following the acquisition of fourteen sections of land in July, the Company now holds a 100% working interest in approximately forty five sections in the Farrell area of northeastern British Columbia. CSRI will now focus on the planning and implementation of a pilot production project in order to determine the productive capability of coal resources acquired to-date in this area. Field work related to this phase of evaluation is expected to commence late in the fourth quarter of 2004. The Company had no operating revenue during the first half of 2004 or the comparative period and recorded net losses of \$383,367 and \$647,813 for the three and six months ended June 30, 2004 (loss of \$0.03 and \$0.05 per share respectively) compared to net losses of \$184,099 (\$0.03 per share) and \$360,296 (\$0.07 per share) for the three and six months ended June 30, 2003.

Capital expenditures during the second quarter of 2004 were \$4.3 million for land acquisition and exploration compared to \$18,000 in the same prior year period.

Staff and administrative expenses before non-cash items in the three months ended June 30, 2004 were \$214,791 versus \$151,388 in the second quarter of 2003. Legal, filing, listing and transfer agent fees related to financing and regulatory matters during the second quarter of 2004 represent the majority of the increase over the comparative 2003 period. Overhead directly related to exploration was capitalized in the amount of \$35,760 and \$10,200 in the respective second quarter periods. Due to grants of stock options and stock appreciation rights during the prior twelve months and to the relatively high volatility of the Company's share price, the Company recorded stock-based compensation expense during the 2004 quarter of \$179,052 compared to \$30,770 a year ago.

Following the private placement of Units for \$6.1 million which was approved by the TSX Venture Exchange and closed on June 22, 2004 and a \$1.8 million acquisition of land in late June, the Company's working capital position at June 30, 2004 stood at \$5.0 million

The Company's unaudited interim financial statements and management discussion and analysis of financial conditions and results of operations for the six months ended June 30, 2004 have been filed on SEDAR at www.sedar.com.

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

For further information, please contact:
Canadian Spirit Resources Inc.
Telephone (403) 539-5005
Facsimile (403) 265-8395

Phil Geiger (phil.geiger@csri.ca)
or
Don Gardner (don.gardner@csri.ca)

THE TSX VENTURE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED
THE INFORMATION CONTAINED HEREIN AND DOES NOT ACCEPT RESPONSIBILITY
FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.