



CANADIAN SPIRIT RESOURCES INC.

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CANADIAN SPIRIT RESOURCES INC. PROVIDES CORPORATE UPDATE

Calgary, AB October 18, 2004 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture) is pleased to provide an update to its news releases of April 12, 2004 and June 29, 2004.

CSRI has acquired a 100 percent working interest in 46 sections (29,440 acres) of prospective natural gas from coal ("NGC") lands in northeastern British Columbia. The majority of these lands, including a block of 30 contiguous sections, are located in the Farrell Creek area. The petroleum and natural gas rights associated with these 46 sections are from surface to the base of the Nikanassin and, in 41 sections, also below the Nikanassin. These lands expire in 2006 through 2009 with the potential for extensions if necessary. Total land acquisition costs to-date are \$10.9 million.

CSRI's prior evaluation of NGC potential in western Canada, based on public data and the experience of the Company's technical team, identified the Farrell area as one of several high potential areas for NGC. The Farrell area was selected due to an availability of crown land, resource specific knowledge of the Company's staff and geographical considerations. The Company is targeting the lower Cretaceous Gething formation coals which occur in this area at depths from 600 to 1200 meters. While there is presently no commercial NGC production in British Columbia, the B.C. Ministry of Energy's records indicate that a private company holding lands approximately 6 km south of CSRI's lands, has drilled four wells as part of an experimental scheme targeting the Gething coals.

To-date, two test holes have been drilled to gather proprietary data in support of the Company's land assembly activity and to provide a base data set for the planning of a pilot production program. The Alberta Research Council was retained to conduct extensive laboratory evaluations of data from these wells, including a desorption process to measure the gas content associated with the coals. The Company has received final reports on the gas content of the coals from these two test holes. Based on the Company's determination of net coal thickness and the independently determined gas content of the coals, the Company has estimated the contingent gas resource in-place for the sections underlying each of these test holes. In anticipation of a further news release, the Company has retained Sproule Associates Limited to prepare an independent engineering report on the Company's two test holes which is compliant with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" and to advise the Company on further disclosure matters. This report is expected to take approximately thirty days.

The principal risk currently facing the Company is the productive capability of the Farrell Creek prospect. Further evaluation drilling and pilot production testing will be required to determine the productive capability of this prospect and thus whether or not it is commercially viable. Preliminary work has begun on the pilot production program with field work expected to begin in late 2004. The drilling phase of this program may continue into the third quarter of 2005 at an estimated cost of \$5.0 million. The availability of drilling rigs during the winter months and favourable spring break-up conditions may accelerate this timeframe. In addition, initial consultation and information meetings have been held with stakeholders in the area.

Following the recent \$4.9 million private placement and the exercise of 100 percent of warrants which expired on October 4, 2004, the Company's cash position stands at \$5.7 million. These funds will be used for the initial phase of the pilot production program and for general corporate purposes. A \$1.0 million issue of flow-through shares is anticipated before year end.

There are 22,077,011 common shares currently outstanding. There are also 2,639,375 warrants currently outstanding expiring from June 2005 through September 2005 with a weighted average exercise price of \$2.38 per share.

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 coal bed 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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