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CANADIAN SPIRIT RESOURCES INC. **INCREASES LAND POSITION AND PROVIDES CORPORATE UPDATE**

Calgary, AB June 29, 2004 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture) is pleased to provide a summary of its past and current activities.

Canadian Spirit Resources Inc. is a natural resources exploration company currently focusing on the identification and assembly of natural gas from coal ("NGC", also referred to as coalbed methane or "CBM") opportunities in western Canada. The Company's strategic advantages are the extensive knowledge and experience of its technical team in coal and NGC exploration and development, the proprietary data base of potential NGC resources in western Canada developed during 2002 and 2003 in conjunction with a major industry joint venture partner, and the energy development experience of its management and directors. This data base, for which CSRI retains proprietary rights, is a compilation of available information and was compiled with the intention to enable CSRI and its partner to select high potential areas for NGC exploration. A change in the business mandate of the partner resulted in CSRI proceeding on its own to identify targets, assemble a land base and proceed with exploration.

The Company's activities are currently focused entirely on the assembly of land positions in its principal areas of interest through crown land sales, farm-ins and potential joint ventures and the identification of opportunities where its technical and management expertise can be leveraged. The Company's principal land assembly activities are currently in two areas in northeastern British Columbia. Following a recent crown land sale at which the Company acquired an additional nine sections of land, the Company holds a 100 percent working interest in thirty-two sections with mineral rights varying from surface to the base of the Nikanassin and in some cases below the Nikanassin. Total land acquisition costs to-date are \$6.0 million. These lands expire in 2006 through 2009 with the potential for extensions if necessary. One area of interest has existing pipelines and infrastructure related to conventional oil and gas activity and will require only normal tie-in capital to bring any future production to market. The second area has no existing infrastructure and will require that a significantly larger land base be assembled in order to justify the additional capital cost of bringing any future production on-stream. The Company intends to build a critical land base by year-end and will continue to monitor appropriate land sales in the future.

Two test holes have been drilled to-date. As of March 31, 2004, total exploration and drilling costs associated with these holes was \$1.2 million. These holes were designed to gather proprietary data in support of CSRI's land assembly activities and to provide a base data set for the planning of future pilot production programs. Under the Petroleum and Natural Gas Act of British Columbia, test holes are permissible on crown land and allow companies the opportunity to evaluate resource potential prior to acquiring the land. These test holes are strictly meant for evaluation and are prohibited from being produced unless otherwise approved. All data submitted to the government (logs, core and any proprietary testing) are granted a three year confidentiality. While the time required to evaluate information from each test hole is approximately four to six months (due to gas desorption time and proprietary laboratory testing), what the test holes do confirm is the existence and thickness of the coal seams as targeted from

the Company's data base of information. The Company has not stimulated or attempted to put these wells on production. Other areas of interest in Alberta and British Columbia are also being considered.

The principal risks facing the Company are the uncertainty of land acquisitions due to the intense competition for NGC opportunities and the productive capability of the coal resources acquired to-date which is not known at this time. Further land acquisitions, evaluation drilling and pilot production tests will be required to confirm the commercial viability of the Company's prospects.

The Company's capital budget for 2004 has been increased from a base level of \$2.9 million to \$10.0 million and administrative expenses for the year are expected to be \$750,000 before capitalization of exploration related overhead. The capital budget consists of land acquisition and related expenditures, drilling and evaluation of two wells and work on a pilot project commencing late in 2004. Prior to commencing the pilot project the Company will prepare a work program in support of the pilot project which will be independently reviewed and assessed. Should commencement of the pilot project be delayed, the Company will on or before December 31, 2004 prepare a geological review of its NGC prospects and have this review independently assessed. Additionally, once results from the pilot project are available, management intends to obtain an independent engineering report to assist in assessing commercial viability. These reports will be filed on SEDAR as required.

In 2003, the Company raised \$4.4 million. Funding of the Company's capital and administrative costs in 2004 will come from existing cash resources, the expected exercise of warrants expiring during the year, a \$2.0 million private placement which closed on April 30, 2004, and from an additional \$6.1 million private placement which closed on June 23, 2004. A further issue of \$1.0 million of flow-through shares is contemplated for late 2004 but is not expected to be required to complete the planned program for the year.

On behalf of the Board of Directors,

Canadian Spirit Resources Inc.

"Phil Geiger"

Phillip D.C. Geiger
President & COO

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