



CANADIAN SPIRIT RESOURCES INC.

Suite 2610, 530 - 8th Avenue S.W., Calgary, AB T2P 3S8

Telephone: (403) 539-5005 Facsimile (403) 262-4177

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

CANADIAN SPIRIT RESOURCES ANNOUNCES PRIVATE PLACEMENT

Calgary, AB January 12, 2005 - 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 2.0 million Units at a price of \$7.15 per Unit. 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 \$8.00 per share. A finder's fee of up to 5 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 and additional evaluation work at Farrell, in northeastern British Columbia and for general corporate purposes. Since October 2003, the Company has acquired a substantial land position and drilled three evaluation wells on its Farrell Creek prospect. Data from the first two test holes demonstrated sufficient resource-in-place to proceed with its business plan and preliminary data from the third test hole is consistent with early data from the initial two wells. The principal risk facing the Company is the productive capability of the Gething formation coals at Farrell Creek. Further drilling and execution of the pilot production program will be required to determine the productive capability of this prospect and whether or not it is commercially viable.

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

For further information, please contact:
Canadian Spirit Resources Inc.

Telephone (403) 539-5005 Facsimile (403) 262-4177

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.