



CANADIAN SPIRIT RESOURCES INC.

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CANADIAN SPIRIT RESOURCES PROVIDES CORPORATE UPDATE

Calgary, AB July 27, 2005 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (SPI-TSX Venture) is pleased to provide an update of its current activities.

As disclosed in its news release of June 9, 2005, the Company’s summer work program includes:

- (a) the stimulation and production testing of a tight gas sand (the “Tight Gas Test”);
- (b) a staged stimulation and production testing of the Gething formation coals and interbedded sands (the “Gething Test”); and
- (c) the drilling of a fourth test hole dedicated to gathering data on shale gas potential in the Farrell Creek area of northeastern British Columbia (the “Shale Test Well”).

The Tight Gas Test began on June 23rd with the re-entry of the Company’s second test hole (C-48-I) and the stimulation of the Bluesky formation. The formation has been completed and fraced and the Company is evaluating the results. The well is currently shut-in with bottom hole pressure gauges to obtain supplemental data for the Company’s technical staff. Additional evaluation work on this formation is planned for August 2005.

The Gething Test began on July 12th at the third test well site (C-83-H) with an injectivity test and stimulation of one of the lower Gething coal seams. The evaluation of this first test of up to five separate tests within the Gething formation is still in progress. Each test within the Gething formation is expected to require up to thirty days to fully evaluate.

Drilling of the Shale Test Well (which is immediately adjacent to the second test well site) was delayed briefly, due to weather and equipment congestion on the lease, but is expected to be spudded during the first week of August. Logs, cores and other data from this fourth test well will be evaluated over the next three to six months before any decision is taken regarding this potential resource.

Lynden Ventures Ltd. (“Lynden”) has advised the Company that it expects to be in a position to commence operations on the Alberta joint venture (as announced on May 11th) during September 2005.

Plans for the drilling of the first natural gas from coal well under this joint venture are in place and will commence upon receipt by Lynden of regulatory approval.

In addition, the Company is pleased to report that all warrants entitling the holder to purchase a common share of the Company at C\$1.85 per share until June 22, 2005 were exercised prior to expiry raising a total of C\$3.30 million in equity capital. At June 30, 2005, the Company had C\$16.8 million of working capital which will be sufficient to fund the base capital program for the balance of 2005.

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

On behalf of the Board of Directors,
Canadian Spirit Resources Inc.

"Phil Geiger"

Phillip D.C. Geiger, President & COO

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