



CANADIAN SPIRIT RESOURCES INC.

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CANADIAN SPIRIT RESOURCES PROVIDES OPERATIONS UPDATE

Calgary, AB January 5, 2006 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (SPI-TSX Venture) is pleased to provide an update on current operating activities associated with the Gething Formation at Farrell Creek in northeastern British Columbia. A technical summary of the Farrell Creek potential resource is being prepared by the Company and will be released shortly.

With the return of the service rig crew after the Christmas break, operations at the c-83-H test hole have resumed. Over the next several days, the wellbore will be cleaned out and a downhole pump will be installed. This procedure will begin the dewatering process which is the final step required to determine the productive capability of the Gething Formation at c-83-H. In typical wet coal situations, water production rates decrease and gas production rates increase over time until a stabilized level is achieved. Indications of productive capability are expected to be released within 60 days or earlier.

The completion program for c-83-H consisted of a two stage fracture stimulation. Using leading edge technology, the fractures were mapped in real time and modeled with the aid of surface and downhole tiltmeter arrays. As well as obtaining the fracture orientation, an analysis of the results by Pinnacle Technologies indicated that the fracture length and height greatly exceeded the Company’s expectations. The Company believes that this is a very good indication of permeability within the Gething Formation. The success of the fracture stimulation of the Gething Formation combined with the indication of permeability is another positive step toward demonstrating the commercial viability of the Farrell Creek prospect. The overall results of the fracture stimulation of c-83-H have provided the Company with a strong reservoir model that will be used to optimize future well stimulation and development planning.

The Company has recently finished the drilling and casing of two new test holes at b-92-H and d-93-H and has released the rig. These test holes were drilled in close proximity to the c-83-H test hole. Geologically, these test holes were very similar to previously drilled test holes at c-83-H and c-A83-H.

Based on the stimulation results at c-83-H, the Company is currently finalizing the completion programs for these new test holes and believes that it can further optimize the fracture length, height and direction associated with the stimulation of these test holes. Subject to equipment availability, these test holes are anticipated to be completed in the first quarter of this year.

The Company has also received regulatory approval for three additional test holes. Future drilling at these locations will be contingent on the completion results achieved at c-83-H, b-92-H and d-93-H. The Company will be building drilling leases at all three locations immediately in preparation to drill and case these test holes.

Canadian Spirit Resources Inc. is a natural resources company focusing on the identification and development opportunities in the unconventional gas sector of the energy industry. Since 2002, the mission of the Company has been to develop 1 Tcf of natural gas over a five year period from unconventional resource plays in western Canada. Within three years, the Company has identified several large resource plays, assembled a unique, high working interest land position in over 39,000 gross acres (of which 37,000 are located in British Columbia) and is currently evaluating the productive capability of its principal resource property.

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

“Phil Geiger”

Phillip D.C. Geiger, President & COO

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